



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
TENNESSEE UTILITY MANAGEMENT REVIEW BOARD
8th Floor, L & C Tower
401 Church Street
Nashville, TN 37243

January 13, 2006

The Honorable Phil Bredesen
Governor of Tennessee
First Floor, State Capitol
Nashville, TN 37243

RE: Annual Report of the Utility Management Review Board

Dear Governor Bredesen:

The Utility Management Review Board (Board) has prepared for you its annual calendar year report. The annual report for 2005 is attached for your information.

On behalf of each member of the Board, I would like to extend our appreciation to the ladies and gentlemen of the Tennessee Department of Environment and Conservation, the Comptrollers' Office, and the Tennessee Association of Utility Districts for their valuable contributions to this Board throughout the past year. Their assistance is essential to the successful operation of this Board.

The goal of the Board is to follow our legislative mandates and to extend our services to the citizens of the State of Tennessee. We appreciate your continued confidence in the Board. If I, or any member of the Board, can be of further assistance to you and your staff, please feel free to contact me at (423) 209-6150.

Sincerely,

David Norton
Chairman

Attachments

cc: Commissioner James H. Fyke

**ANNUAL REPORT
OF THE
UTILITY MANAGEMENT REVIEW BOARD**

January 2005 through December 2005

Prepared by

The Utility Management Review Board

and

The Tennessee Department of Environment and Conservation

January 2006

**CURRENT MEMBERS
OF THE
UTILITY MANAGEMANT REVIEW BOARD**

Mr. David Norton, Chairman
Hixson Utility District

Dr. Rosemary Wade Owens
Consolidated Utility District

Ms. Ann Butterworth, Vice Chairman
Tennessee State Comptrollers' Office

Mr. Samuel Leggett
Hardeman Fayette Utility District

Mr. Ken Pointer
Department of Environment and Conservation

Mr. Ray Smith
West Tennessee Public Utility District

Mr. Don Stafford
Eastside Utility District

Mr. Robert Gray Scott
Gibson Utility District

**DEPARTMENT OF ENVIRONMENT AND CONSERVATION
STAFF TO THE
UTILITY MANAGEMENT REVIEW BOARD**

Mr. Jim Poff
Staff Support
State Revolving Fund Loan Program
Division of Water Supply

Mr. James Goodman
Financial Advisor
State Revolving Fund Loan Program
Division of Water Supply

Ms. Gloria Pack
Recording Secretary
Division of Water Supply

Ms. Kim Kirk
Assistant General Counsel
Office of General Counsel

Additional Acknowledgements:

Comptroller of the Treasury

Tennessee Association of Utility Districts

ANNUAL REPORT FOR 2005

The 95th General Assembly created the Utility Management Review Board (Board) in 1987. The State of Tennessee has approximately 200 utility districts. The Board promulgated its rules and regulations and began hearing cases in January 1989. The rules were revised in December 1994.

The Comptroller of the Treasury, Division of Municipal Audit, refers financially distressed utility districts to the Board for review. Financially distressed is defined as having a deficit total net assets in any one year or for a period of three consecutive years having a negative change in net assets or being currently in default on any of its debt instruments.

The Division of Water Supply has entered into a contract with Tennessee Association of Utility Districts (TAUD) to provide assistance and recommendations to distressed utility districts that will bring them to compliance with State law. In 2005, there were 153 site visits by TAUD totaling 676 hours of service.

The Legislature enacted legislation in 1995 requiring that all petitions for creation of utility districts be presented to the Board for review and comments. The comments are forwarded to the County Mayor to be read at a required public hearing.

The Board is also responsible for serving as an appeal board between the customer and the local Board of Directors of the utility district. Although staff received 60 complaints in 2005, these were resolved and no complaints were brought before the Board.

During 2005, three status reports, one petition, one utility relocation loan, and three compliance reports were presented to the Board on two occasions.

The Board monitors all previous cases to determine if the approved recommended compliance plans are working as proposed. If the previously-approved plans are not working as proposed, the Board requires that the non-compliant utility districts meet with the Board to explain what steps need to be taken to solve their financial distress. Of the 137 utility districts reported to the Board since its inception, 129 or 94% are now in compliance with State law. This demonstrates the effectiveness of the systems currently in place to ensure compliance.

In 1989, the General Assembly created the Utility Relocation Loan Program (URLP). This legislation designated the Board as the agency to recommend loans for cities and utility districts requiring relocation of utility lines because of highway construction by the Tennessee Department of Transportation. During 2005, one loan request was submitted to the Board for a Utility Relocation Loan. The URLP currently has approximately \$4,680,324 available for new loans as of December 31, 2005.

**CASES PRESENTED
TO THE
UTILITY MANAGEMENT REVIEW BOARD
DURING YEAR 2005**

Local Government

County

Status Reports:

Cold Springs Utility District	Carter
Samburg Utility District	Obion
Upper Cumberland Gas Utility District	Cumberland

Petitions:

Crab Orchard Utility District	Cumberland
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Utility Relocation Loans:

City of Fayetteville	Lincoln
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Compliance Reports:

Cedar Grove Utility District	Carroll
Hornbeak Utility District	Obion
Mid-Hawkins Utility District	Hawkins

Complaints Received by Staff:

Number

By Telephone	58
By Letter	2

Tennessee Association of Utility District Contract:

Number

Visits	153
Hours charged	676

**UTILITY DISTRICTS CURRENTLY
UNDER THE JURISDICTION OF THE
UTILITY MANAGEMENT REVIEW BOARD**

Local Government	County
Clarksburg Utility District	Carroll
Clay County Gas Utility District	Clay
Cold Springs Utility District	Johnson
Foster Falls Utility District	Marion
Iron City Utility District	Lawrence
Samburg Utility District	Obion
Upper Cumberland Gas Utility District	Cumberland
West Point Utility District	Lawrence